

APPRAISALS AND LTV'S

EXAMPLE #1:

\$80,000.00 Loan Amount
\$100,000.00 Appraised Value

LTV = 80%

Therefore the loan amount is 80% of the property's value and the buyer makes a 20% down payment

EXAMPLE #2:

\$75,000.00 Loan Amount
\$100,000.00 Appraised Value

LTV = 75%

Therefore the loan amount is 75% of the property's value and the buyer makes a 25% down payment

The lower the LTV, the smaller the loan amount and the higher the down payment.

LOAN BASED ON SALES PRICE OR APPRAISED VALUE – THE LESSER OF THE TWO

EXAMPLE:

\$100,000 sales price
\$125,000 appraised value

Loan amount is based on the lesser of the two

\$100,000	Sales price
X 80%	Loan-to-value ratio
\$ 80,000	Maximum loan amount

OVER VALUE OF A PROPERTY

EXAMPLE:

\$175,000.00 Appraiser mistakenly appraises house for this amount
\$148,000.00 Actual market value
\$140,000.00 Loan amount appraisal of \$175,000.00 (80%) – Actual LTV is almost 95%